



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 969** HLS 12RS 263
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action: **w/ SEN COMM AMD**
Proposed Amd.:
Sub. Bill For.:

Date: April 18, 2012	12:19 PM	Author: TALBOT
Dept./Agy.: Education		
Subject: Reimburse Contributions to School Tuition Organizations		Analyst: Greg Albrecht

TAX/TAX REBATES RE1 SEE FISC NOTE GF EX See Note Page 1 of 1
Authorizes a rebate for individuals and corporations which donate to certain school tuition organizations

Provides a reimbursement for contributions made to school tuition organizations which provide funding for the tuition and fees charged to qualified students to attend a qualified nonpublic school. Contributors can specify the allowable time for carryforward of their contributions. A contribution is reimbursed at the end of a school year once it has funded a tuition charge and it has been verified that the student is not enrolled in a public school. Uses for administrative costs are not reimbursed. Reimbursements are paid by the Department of Revenue from all tax receipts collected under Title 47 of the Revised Statutes before deposit into the state treasury. Qualified students must reside in the state, have household income less than 250% of the federal poverty level, be entering kindergarten for the first time or attended a public school the previous year or received such funding the previous year. Maximum tuition for K-8 students is 80% of the average MFP amount, and for 9-12 students 90% of the MFP average. Effective on January 1, 2013 for funding attendance in the 2013 -2014 school year and thereafter.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0					\$0

REVENUES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

The increase in state costs of reimbursing contributions to school tuition organizations can be offset to some extent by reduced state costs in the Minimum Foundation Program (MFP, about \$5,000 average). To the extent students are diverted away from public school enrollment as a result of this bill, MFP student counts and expenditures will be lower than they would otherwise be. MFP costs are lessened to the extent first-time public school kindergarten students participate, to the extent existing public school attendees participate, and to the extent participating students continue to participate. At the earliest, MFP costs would likely be affected late in the school year in which the student count was affected (initially FY14).
However, to the extent participating students are entering nonpublic schools anyway, there are no net program cost savings to the state, only contribution reimbursement costs (the Florida program suggests 5% to 10% of participants are of this type). To the extent that participating students are high school level the potential savings are smaller (high school funding is 90% of the MFP average while others are only 80%). Potential net program cost savings are also reduced by the amount of contributions utilized for administrative expenses by tuition organizations (up to 5% of donations), and by the amount of contributions the organizations carry forward unused from year to year. These last two factors translate into students that are not moved out of MFP costs.
Thus, while net savings to the state fisc are possible, they cannot be assured.

REVENUE EXPLANATION

To the extent that individuals or businesses make contributions to school tuition organizations and claim reimbursement, payments will be made by the Department of Revenue before deposit of tax collections into the state treasury and charged against gross state tax collections (most likely the personal and corporate income tax). Net collections available for deposit in the state treasury will be reduced.
Program reimbursements are speculative, and depend on the level of possible participation by contributors, students, and school tuition organizations, as well as the capacity of nonpublic schools to accept additional students. However, a similar but not identical program in Florida exhibited rapid participation growth and cost. The program proposed by this bill has no annual aggregate maximum amount of reimbursement. Charges against gross state tax collections could be substantial.
In addition, existing law in R.S. 47:297.10 would allow tuition and fees paid by individuals over the amount funded by a tuition organization to be deducted from gross income, up to \$5,000 per child. The additional state fiscal cost from this provision would be up to 6% of the amount of tuition paid out of pocket.
The program becomes effective on January 1, 2013 for contributions for funding attendance in the 2013-2014 school year and thereafter. The first charges against gross tax collections would affect FY14 and beyond.

Senate	Dual Referral Rules	House	
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	H. Gordon Monk Legislative Fiscal Officer